

# eHome “Boot Camp”

*Product and Business Orientation*  
for MSR 2/7/07

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# Windows Media Center

*A new platform for the digital home*



- Simple User Experience
- 10' Applications and Services
- Connected Devices



# Executive Summary

## ➤ Strengths

- We're headlights/leading the market with the best 10' (media) entertainment experience
- Track record of annual releases
- Hitting mass market volumes in the US & driving mix shift revenue to Windows
  - 20% (\$81M) in FY06
  - Vista Premium mix shift 34% (\$148M) in FY07
- Changing consumer behavior with new benefits/scenarios
- Positive contribution margin

## ➤ Challenges



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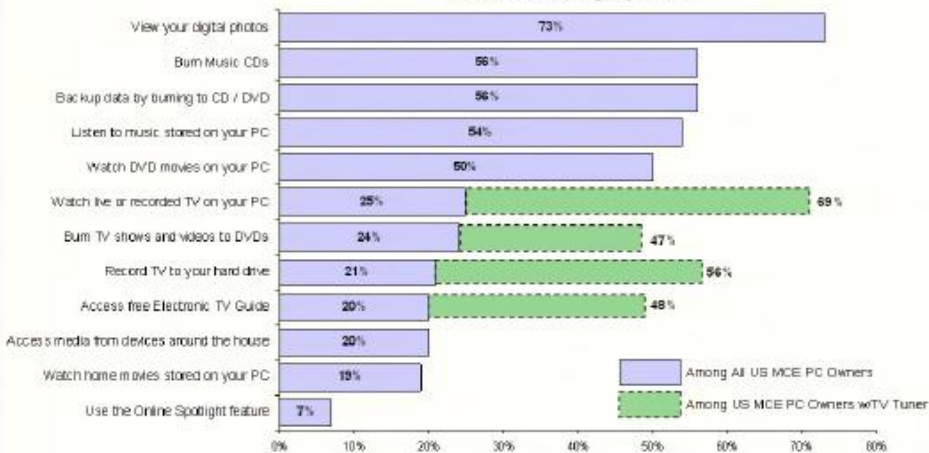
## ➤ Challenges

- Don't really have a product for the living room (issues with target device, networking)
- Weak sales outside the US and on LT (need to expand attach rate to LT)
- While eHome is innovating fast for an OS, we need to move faster to compete effectively in the consumer space (w/Yahoo, Google, Apple)
  - Overall success will require overall plan for 2' and 10' media experiences
- COA business model will hit ceiling & business model is at risk
- Building TV support is currently very expensive and does not scale efficiently (dev, EPG)
- Pull levers that drive up usage (& ensure demand independent of OEM funding efforts)
  - Awareness *and* understanding
  - HW peripheral attach (tuners, remotes)
  - IP services attach *and* usage



# Overall US MCE Features Have High Usage

Overall US MCE Usage By Feature



Q34: WHICH, IF ANY, OF THESE ACTIVITIES HAVE YOU EVER DONE ON YOUR MEDIA CENTER PC?  
Q35: HOW OFTEN DO YOU DO EACH OF THE FOLLOWING ACTIVITIES USING THE MEDIA CENTER MENU AND THE FEATURES LISTED ON IT?

N=1532



# Customer Funnel: MCE Drives Entertainment Usage and Strong Re-purchase Intent

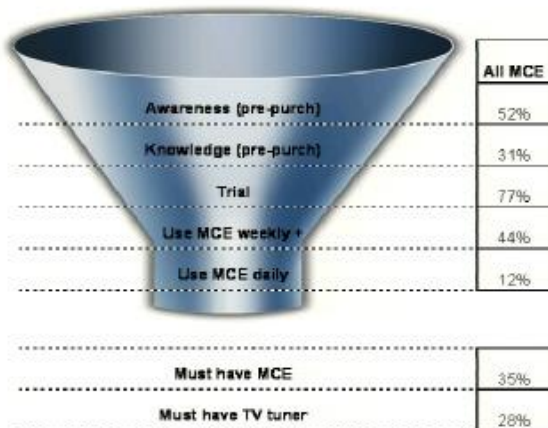


**Must have MCE**

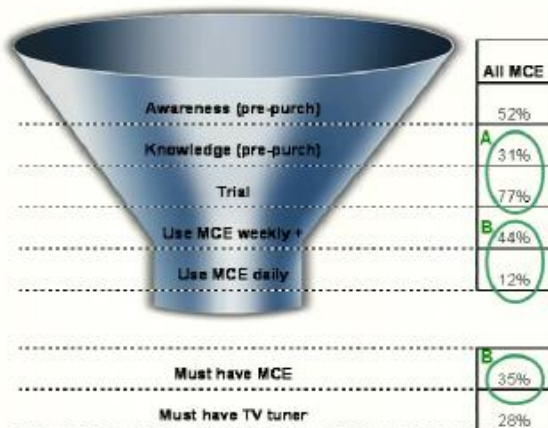
**Must have TV tuner**



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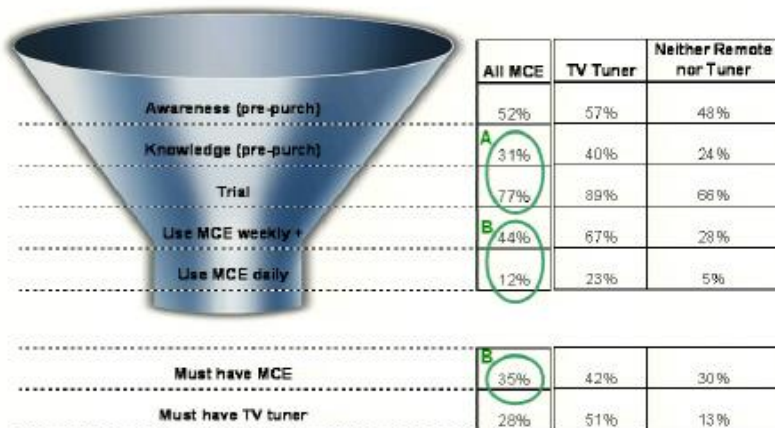


- A. Distribution is driving awareness vs marketing
- B. Usage and repurchase intent are strong





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# Media Center In Windows Vista

- Broader availability
- High Definition digital TV... Cable!
- Next-Gen user experience
- Platform advancements
- Whole home distribution



# Demo

Windows Vista Premium/Ultimate Edition – MCE Features

- Innovative new UX
- Showtime 10' Application
- Sports Portal



Windows Media Center

11:29 AM

start

program library



TV + Movies

Sports

Online Media



Tasks

11:29 AM

Tasks

start

more pictures



## Pictures + Videos

picture library



play all



video library



Music

TV + Movies

start

program library



TV + Movies

Sports

Online Media



Tasks

# music library

► play all

◀ albums ▶

artists

genres

songs

playlists

compose



Tuner No  
Installed

As Good as It Gets

Original Soundtrack

13 tracks 1:31 1998

22 | 268

Tasks

## Pictures + Videos

picture library



more pictures



play all



video lib



Music

Now Playing



start

Music

Now Playing

TV + Movies

recorded tv



Sports

Online Media

more tv

msn video



live tv



g

# recorded tv

date recorded

title



Football

TUESDAY



11/9/2006



Manual Recording

10/31/2006



Charmed

Tuner No  
Installed



+ add recording

■ view scheduled

< date recorded > title

recorded tv



harmid



Fun With Dick & Jane



### Alien 3

1992 ★★★★★

The survivor (Sigourney Weaver) of several alien attacks is the only woman on a prison

664 INHD Tue, Oct 31 120 min



The Tonight Show

10/30/2006



Friday Night Lights

Tuner No  
Installed

## movie details

Resume

Cast + More

Restart

Delete

Keep Until

Other Showings



### Alien 3

★★★★ 1992

HD 664 INHD

Recorded 10/31, 3:00 AM - 5:00 AM

The survivor (Sigourney Weaver) of several alien attacks is the only woman on a prison planet with thugs, zealots and a monster.

Directed by David Fincher

Movies/Science Fiction, R (Language, Graphic Violence, Adult Situations), English

Keep until I delete

Tuner No  
Installed





**CHARLES S. DUTTON**



USS SULACO



CHARLES DANCE





SOLAR CO

0112

PAUL MCGANN





0112

**BRIAN GLOVER**



RALPH BROWN





Music

Now Playing

TV + Movies

recorded tv



live tv



Sports

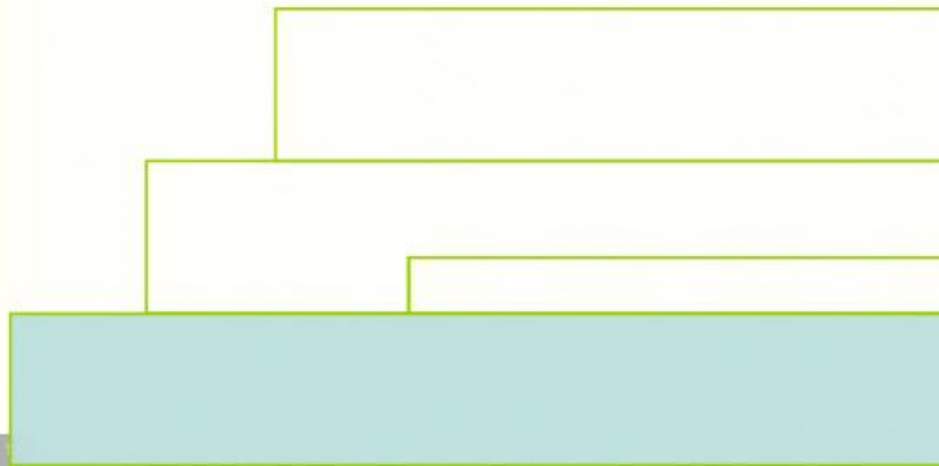
Online Media

more tv

msn video



## eHome Goals: Next 4-5 years





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Complete the work that's well underway...

- Japan & Europe (desktops)
- Laptop (worldwide)

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## 2. Volume Usage of our platform & experience

End-users spending minutes using the features and technologies we build with partners.

- MCE native experience... with TV... with NetOp premium TV
- ISV Apps & Services
- Extender devices multiplying minutes of use for all the above

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Revenue!

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## 3. Experiment to Create a new Service Revenue Stream

Building on volume usage, monetize our experience as a service in conjunction with

Argo, Windows Live, MSN

- Sponsored links / paid referrals
- Rich/deep user demographic info for advertisers
- Advertising (video ads, contextual ads, etc.) ?
- End-user subscription ?



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*Contribute technologies and/or whole-products to enhance MS strategic position in the Living Room.*

- Technologies delivered to or shared across E&D (UI? TV? Ad?)
- Product synergy with Xbox, MSTV, Argo
- Future living-room devices? (service & supported)
- Embedded MCE?

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